

SINKING INTEREST AND REDEMPTION (18)

AGENCY PLAN: STATEMENT OF PURPOSE, GOALS AND BUDGET SUMMARY

STATEMENT OF PURPOSE:

The Debt Service Fund meets the principal and interest of the bonded indebtedness of the City of Detroit.

AGENCY FINANCIAL SUMMARY:

2007-08 <u>Requested</u>		2006-07 <u>Budget</u>	2007-08 <u>Recommended</u>	Increase <u>(Decrease)</u>
	<u>Appropriations</u>			
	General Obligation Bonds:			
\$ 30,999,247	Interest	\$ 31,623,045	\$ 31,949,247	\$ 326,202
38,230,000	Principal	34,330,000	38,230,000	3,900,000
2,700,000	DDA Tax Increment Dist.	5,445,261	3,737,225	(1,708,036)
900,000	GM Tax Increment Dist.	1,618,178	1,035,679	(582,499)
<u>1,961,000</u>	Prior Years Deficit	<u>4,216,000</u>	<u>2,100,000</u>	<u>(2,116,000)</u>
\$ 74,790,247	Total Appropriations	\$ 77,232,484	\$ 77,052,151	\$ (180,333)
	<u>Revenues</u>			
\$ 70,049,247	Current Year's Property Tax	\$ 72,423,913	\$ 72,948,414	\$ 524,501
-	Uncollectible Property Tax	(1,070,000)	(1,425,000)	(355,000)
	Prior Year's:			
450,000	Real Property Tax	1,500,000	450,000	(1,050,000)
200,000	Personal Property Tax	300,000	175,000	(125,000)
2,271,000	Industrial Facilities Tax	2,564,326	2,749,385	185,059
150,000	Neigh. Enterprise Zone Tax	149,293	206,249	56,956
-	Renaissance Zone Tax	1,671,685	2,244,927	573,242
<u>1,670,000</u>	Other Miscellaneous Taxes	<u>(306,733)</u>	<u>(296,824)</u>	<u>9,909</u>
\$ 74,790,247	Total Revenues	\$ 77,232,484	\$ 77,052,151	\$ (180,333)
-	NET TAX COST:	\$ 0	<u>0</u>	\$ 0
	Tax Levy Requirement	\$ -	\$ -	\$ -
	Delinquency Rate	5.00%	6.00%	1.00%
	Tax Rate (per \$1,000 valuation)	\$8.3951	\$8.0683	\$ (0.3268)

SINKING INTEREST AND REDEMPTION (18)

ACTIVITY DESCRIPTION: BONDS AND INTEREST REDEMPTION

Bond and interest redemption provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from general obligation bond sales. (The debt service on Enterprise Funds appears in the Enterprise Agency Sections.)

State law limits the amount of general obligation debt a city may have outstanding at one time. Generally, the limit requires such debt to be within ten percent of the assessed value (which includes certain assessed value equivalents for purposes of the formula) of all real and personal property in the city. Significant exclusions to or extensions of the debt limit are permitted for special assessment bonds, motor vehicle highway bonds, hospital bonds, certain mortgage and housing bonds and various other bonds for projects deemed necessary for abating pollution. The City's outstanding debt is currently within the limits prescribed by State law. After the effective date (December 22, 1978) of an amendment to the State Constitution, the City may not issue general obligation bonds payable from taxes levied for debt service without a vote of the electorate.

The Debt Management Section of the Finance Treasury Division (funded in Agency 23) is responsible for managing the general obligation debt, as well as, that of other bonding and financing authorities, which include the following:

- **The City of Detroit Building Authority**, established by the City for the purpose of financing and managing the construction of various publicly owned buildings, parking lots, recreational facilities and related sites to be leased to the City.
- **The City of Detroit Downtown Development Authority (DDA)**, established by the City to help halt property value deterioration and to promote economic growth in the downtown district.
- **The Greater Detroit Resource Recovery Authority (GDRRA)**, a separate governmental unit from the City, created by the cities of Detroit and Highland Park for the purpose of financing, constructing and operating of a waste-to-energy facility located in the City.
- **The Economic Development Corporation of the City of Detroit**, established for the purpose of assisting industrial and commercial enterprises in various endeavors which would benefit Detroit residents.
- **The City of Detroit Tax Increment Finance Authority**, established for the purpose of preparing development and tax increment financing plans in the City and associated with financing of the Central Industrial Park (GM) Project.
- **The Local Development Finance Authority**, established for the purpose of assisting in the financing of development projects in the City and associated with the City's Jefferson/Conner (Chrysler) Redevelopment Project.
- **The Detroit-Wayne Joint Building Authority**, established by a joint effort of the City and the County for the purpose of constructing and maintaining buildings that would serve both City and County residents.

CITY OF DETROIT
Debt Services
Financial Detail by Appropriation and Organization

General Bond Redemption	2006-07 Redbook		2007-08 Dept Final Request		2007-08 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$70,169,045	0	\$71,190,247	0	\$72,279,247
APPROPRIATION TOTAL	0	\$70,169,045	0	\$71,190,247	0	\$72,279,247
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$5,445,261	0	\$2,700,000	0	\$3,737,225
180030 - GM Tax Increment District	0	\$1,618,178	0	\$900,000	0	\$1,035,679
APPROPRIATION TOTAL	0	\$7,063,439	0	\$3,600,000	0	\$4,772,904
ACTIVITY TOTAL	0	\$77,232,484	0	\$74,790,247	0	\$77,052,151

CITY OF DETROIT
Budget Development for FY 2007-2008
Appropriations - Summary Objects

	2006-07 Redbook	2007-08 Dept Final Request	2007-08 Mayor's Budget Rec
AC9918 - Bond Interest and Redemption			
<i>A18000 - Debt Service</i>			
OTHEXPSSL - Other Expenses	11,279,439	5,561,000	6,872,904
FIXEDCHGSL - Fixed Charges	65,953,045	69,229,247	70,179,247
<i>A18000 - Debt Service</i>	<i>77,232,484</i>	<i>74,790,247</i>	<i>77,052,151</i>
AC9918 - Bond Interest and Redemption	77,232,484	74,790,247	77,052,151
Grand Total	77,232,484	74,790,247	77,052,151

CITY OF DETROIT
Budget Development for FY 2007-2008
Appropriation Summary - Revenues

	2005-06 Actuals	2006-07 Redbook	2007-08 Dept Final Request	2007-08 Mayor's Budget Rec	Variance
A18000 - Debt Service					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property Tax	57,709,129	72,423,913	70,049,247	72,948,414	524,501
401150 - Uncollectible Property Tax	0	(1,070,000)	0	(1,425,000)	(355,000)
402100 - Prior Years Real Property Tax	415,646	1,500,000	450,000	450,000	(1,050,000)
402200 - Prior Years Personal Property Tax	178,767	300,000	200,000	175,000	(125,000)
407195 - Industrial Facilities Tax	2,270,766	2,564,326	2,271,000	2,749,385	185,059
407200 - Other Miscellaneous Taxes	0	(306,733)	0	(296,824)	9,909
407210 - Neigh Enterprise Zone Tax	0	149,293	150,000	206,249	56,956
407215 - Renaissance Zone Tax	0	1,671,685	0	2,244,927	573,242
461100 - Earnings On Investments	444,816	0	0	0	0
472230 - Recoveries	1,929	0	0	0	0
475130 - Other Surplus	0	0	1,670,000	0	0
<i>00212 - General Bond Redemption</i>	<i>61,021,053</i>	<i>77,232,484</i>	<i>74,790,247</i>	<i>77,052,151</i>	<i>(180,333)</i>
<i>10830 - Convention Facility - Debt Service</i>					
422190 - State Hotel & Liq Tax- C	16,287,676	0	0	0	0
461100 - Earnings On Investments	1,296,168	0	0	0	0
<i>10830 - Convention Facility - Debt Se</i>	<i>17,583,844</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
A18000 - Debt Service	78,604,897	77,232,484	74,790,247	77,052,151	(180,333)
Grand Total	78,604,897	77,232,484	74,790,247	77,052,151	(180,333)